

Message Text

CONFIDENTIAL

PAGE 01 QUITO 04736 01 OF 04 152339Z POSS DUPE
ACTION PM-04

INFO OCT-01 ARA-10 ISO-00 CIAE-00 H-01 INR-07 L-03
NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 DHA-02
AID-05 ACDA-07 MC-02 IO-13 IGA-02 TRSE-00 COME-00
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CSAF WASHDC LGF

CONFIDENTIAL SECTION 1 OF 4 QUITO 4736

E.O. 11652: GDS
TAGS: MASS EC
SUBJ: ASSESSMENT OF US SECURITY ASSISTANCE PROGRAMS FOR FY 1979

REF: STATE 133136

1. THE US HASILWO BASIC INTERESTS IN MAINTAINING A SECURITY ASSISTANCE PROGRAM WITH ECUADO. THE FIRST AND MOST IMPORTANT INTEREST IS IN PROMOTING PEACE AND SECURITY IN THE ANDEAN SUB-REGION. ARMS PURCHASES, PRIMARILY FROM THIRD COUNTRIES, AND TENSIONS HAVE INCREASED IN THE SUB-REGION IN THE RECENT PAST, POINTING TO A PERIOD OF POSSIBLY EVEN GREATER STRESS IN FY 79 OUR ABILITY TO DIRECT OR CONTROL EVENTS MIGHT HINGE DIRECTLY ON

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 QUITO 04736 01 OF 04 152339Z POSS DUPE

OUR HAVING MAINTAINED A CREDIBLE POLITICO/MILITARY INFLUENCE IN THE AREA. IF WE CANNOT PROVIDE SECURITY ASSISTANCE TO CHILE BECAUSE OF THE HUMAN RIGHTS ISSUE, AND IF OUR ABILITY TO INFLUENCE PERU IS LIMITED BECAUSE OF ITS ALREADY MASSIVE PURCHASES FROM THE USSR, WE CAN STILL INFLUENCE ECUADOR TOWARD MODERATION TO A GREAT EXTENT BY MEETING SOME OF ITS SECURITY ASSISTANCE REQUIREMENTS.

2. OUR SECOND BASIC INTEREST INVOLVES THE STATEMENT BY PRESIDENT CARTER IN HIS DECLARATION OF ARMS POLICY THAT THE US WILL BE RESPONSIVE TO FRIENDLY AND ALLIED GOVERNMENTS. ALSO, IN HIS INAUGURAL ADDRESS, PRESIDENT CARTER STATED THAT THE US WOULD STAND DYSTHOSE COUNTRIES WHICH RESPECTED HUMAN RIGHTS AND PROMOTED DEMOCRATIC IDEALS. ECUADOR IS BOTH A STRONG SUPPORTER OF OUR HUMAN RIGHTS POLICY AND A COUNTRY IN THE PROCESS OF TRANSFERRING POWER FROM A MILITARY TO AN ELECTED, CIVILIAN GOVERNMENT. A RESPONSIVE SECURITY ASSISTANCE PROGRAM IS CRUCIAL FOR A COOPERATIVE RELATIONSHIP WITH THE PRESENT AND, PROBABLY, ANY FUTURE ECUADOREAN GOVERNMENT. IT WILL BE PARTICULARLY CRITICAL AS THE NEW CIVILIAN GOVERNMENT ESTABLISHES ITSELF IN LATE FY 1978 AND EARLY FY 79: A CIVILIAN GOVERNMENT WHICH CANNOT PROVIDE FOR NATIONAL DEFENSE AND WHICH APPEARS TO THE MILITARY AS INCAPABLE OF MAINTAINING A COOPERATIVE RELATIONSHIP WITH THE US IN THIS REGARD STANDS A GOOD CHANCE OF BEING OUSTED BY THE MILITARY.

3. IN ADDITION TO THESE VERY SPECIFIC US INTERESTS, I BELIEVE THAT THE MORE GENERAL QUESTION OF WHAT KIND OF BILATERAL RELATIONSHIP WE WISH TO HAVE WITH ECUADOR SHOULD ALSO BE TAKEN INTO CONSIDERATION IN THIS ANALYSIS. ALTHOUGH SMALL, ECUADOR HAS DEMONSTRATED THAT IT CAN WIELD INFLUENCE OUT OF PROPORTION TO ITS SIZE. IT HAS BEEN A PARTICULARLY IRRITATING THORN IN OUR SIDE IN MULTILATERAL FORA DURING

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 QUITO 04736 01 OF 04 152339Z POSS DUPE

PERIODS WHEN OUR BILATERAL RELATIONS HAVE BEEN STRAINED, AND I BELIEVE THAT A RESPONSIVE SECURITY ASSISTANCE PROGRAM CAN GO FAR TO PREVENT OUR RELATIONS FROM RETURNING TO SUCH A STATE. ECUIDOR'S INFLUENCE IN MULTILATERAL FORA ON A VARIETY OF ISSUES HAS BEEN SIGNIFICANT--IN THE LOS AREA AND ON THIRD WORLD ISSUES, FOR INSTANCE--AND WE CAN DERIVE CONCRETE BENEFITS FROM CULTIVATING ECUADOREAN SUPPORT. IN ADDITION, PENDING A PERMANENT RESOLUTION OF THE FISHING PROBLEM WITHIN A REGIONAL CONTEXT, THE POSSIBILITY OF SEIZURE OF US TUNA BOATS REMAINS REUS. THE LACK OF SUCH SEIZURES IN THE PAST TWO YEARS, WHILE PARTLY DUE TO EXTERNAL FACTORS, IS ALSO THE RESULT OF ECUADOREAN RESTRAINT, DERIVING FROM THE PRESENT LEADERSHIP'S DESIRE FOR A MORE COOPERATIVE RELATIONSHIP WITH THE US.

4. I BELIEVE ECUADOR'S ATTEMPTS TO MEET ITS SECURITY NEEDS, ASGGUTLINE IN THE ASSESSMENT WHICH FOLLOWS, DESERVE OUR CAREFUL AND SYMPATHETIC CONSIDERATION. WE DO NOT BELIEVE THAT EACH AND EVERY PLANNED ACQUISITION IS JUSTIFIABLE, NOR THAT THAT THE US CAN OR SHOULD MEET ALL OF ECUADOR'S NEEDS. US ASSISTANCE IN TRAINING AND THE ACQUISITION OF DEFENSIVE ARAMENTS IS BOTH REASONABLE AND JUSTIFIABLE WITHIN THE CONTEXT

OF PRESIDENT CARTER'S ARMS POLICY, AND I RECOMMEND THAT WE PURSUE SUCH A COURSE WITH REGARDS TO ECUADOR. HELPING ECUADOR ACHIEVE A CREDIBLE DEFENSIVE CAPABILITY DOES NOT VIOLATE OUR POLICY OF NOT CONTRIBUTING TO ESCALATION OR REGIONAL ARMS IMBALANCES. THE ARMS IMBALANCE ALREADY EXISTS IN FAVOR OF PERU AND THE PERUVIANS HAVE SHOWN THAT THEY NEED NO EXCUSES IN THE WAY OF PURCHASES BY THEIR NEIGHBORS TO CONTINUE TO PURCHASE ARMS FROM THE SOVIETS OR OTHERS. INDEED, ASSISTING ECUADOR SQUARES WITH THAT PART OF THE PRESIDENT'S POLICY STATEMENT WHICH ASSERTS THAT ARMS RESTRAINT WILL BE BINDING EXCEPT WHERE A DETERMINATION IS MADE THAT: "COUNTRIES FRIENDLY TO THE UNITED STATES MUST DEPEND ON ADVANCED WEAPONRY TO OFFSET QUANTITATIVE AND OTHER DISADVANTAGES IN ORDER TO MAINTAIN A REGIONAL BALANCE."

CONFIDENTIAL

CONFIDENTIAL

PAGE 04 QUITO 04736 01 OF 04 152339Z POSS DUPE

5. THE GOE PERCEIVES A REAL SECURITY THREAT IN THE CONTEXT OF THE CURRENT OVERALL MILITARY TENSIONS IN THE ANDEAN SUB-REGION. THIS TENSION WILL REACH A PEAK DURING THE CY 1979-80 CENTENNIAL OF THE WAR OF THE PACIFIC. THE GOE BELIEVES THAT IT IS THREATENED BOTH AS A BY-PRODUCT OF ANY EVENTUAL HOSTILITIES BETWEEN PERU AND CHILE, AND DIRECTLY AS A RESULT OF PERUVIAN DESIGNS OVER THE ECUADOREAN OIL FIELDS. ECUADOR AND THE OTHER COUNTRIES IN THE REGION HAVE ENTERED A NUMBER OF POLITICS
-,\$80)9,-58: 8,858-58;3 \$3 8&,\$3 59 43)83;3 53, 89, 8,
5#3 -43-. THESE INCLUDE HIGH-LEVEL VISITS, PURSUING COOPERATIVE ECONOMIC AND COMMERCIAL VENTURES, KRD ATTEMPTS TO RESOLVE OUTSTANDING BORDER DISPUTES. NONETHELESS, THE GOE BELIEVES THAT THE ISSUES CAUSING THE TENSION ARE PROBABLY NOT CURRENTLY SUSCEPTIBLE OF DIPLOMATIC OR POLITICAL RESOLUTION, AND THAT ECUADOR SHOULD THEREFORE SEEK TO AVOID INVOLVEMENT IN A CONFLICT BY POSSESSING A CREDIBLE MILITARY DETERRENT. IT HAS DEVELOPED
A MILITARY POLICY WHICH INCLUDES BOTH A STATIC DEFENSIVE CAPABILITY SUFFICIENT TO REPEL AN AGGRESSOR, AND A CLOSE AIR SUPPORT-LIMITED INTERDICTION CAPABILITY WHICH IS INTENDED TO DISCOURAGE AGGRESSION. NEITHER CAPABILITY EXISTS AT PRESENT, AND GOE SECURITY PLANNING IS ENTIRELY DEVOTED TO OBTAINING THEM PRIOR TO CY79-80.

CONFIDENTIAL

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CONFIDENTIAL

PAGE 01 QUITO 04736 02 OF 04 160000Z POSS DUPE
ACTION PM-04

INFO OCT-01 ARA-10 ISO-00 CIAE-00 H-01 INR-07 L-03
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CONFIDENTIAL SECTION 2 OF 4 QUITO 4736

6. THE QUESTION OF THE LIKELIHOOD OF WAR IN THE ANDEAN SUB-REGION HAS BEEN THE SUBJECT OF A NUMBER OF USG INTELLIGENCE ANALYSES IN THE PAST SIX MONTHS. UNFORTUNATELY, MOST OF THESE ANALYSES DEAL WITH THE SHORT RUN, AND DO NOT ATTEMPT TO PREDICT THE STATE OF EVENTS IN FY79. ALL, HOWEVER, RECOGNIZE SOME POSSIBILITY OF WAR IN THE SHORT RUN AND TEND TO ACCEPT THE THESIS THAT THE THREAT WILL INCREASE IN THE CY 79-80 TIMEFRAME. UNDER THESE CIRCUMSTANCES, WE BELIEVE THAT THE GOE ASSESSMENT OF ITS SECURITY SITUATION IS NOT IRRATIONAL AND REFLECTS PRUDENT PLANNING. AT THE SAME TIME IT IS THE MISSION'S PROFESSIONAL MILITARY OPINION THAT ECUADOR CANNOT MOUNT A CREDIBLE MILITARY DEFENSE IN THE FACE OF A MORE POPULOUS AND HEAVILY ARMED ANTAGONIST WITHOUT MORE MODERN EQUIPMENT AND TRAINING:

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 QUITO 04736 02 OF 04 160000Z POSS DUPE

7. THE ALTERNATIVES TO ARMS ACQUISITION, HOWEVER, ARE FEW.
THE THREAT FROM PERU IS SO WIDELY PERCEIVED THAT ANY GOVERNMENT WHICH DID NOT TAKE ALL POSSIBLE STEPS TO PROVIDE THE BEST DEFENSE POSSIBLE WOULD FACE SEVERE DOMESTIC PROBLEMS. THIS THREAT WILL HANG EVEN MORE HEAVILY OVER THE CIVILIAN GOVERNMENT EXPECTED TO TAKE OFFICE IN MID-1978, SINCE IT WILL BE MORE SUSCEPTIBLE TO CRITICISM THAN THE CURRENT MILITARY GOVERNMENT.

GIVEN THE FACT THAT PERU -
MOST GENERALLY IDENTIFIED AS A POTENTIAL AGGRESSOR - HAS
ALREADY ATTAINED CLEAR WEAPONS SUPERIORITY IN THE REGION, THE
POTENTIAL FOR ARMS CONTROL OR DISARMAMENT AGREEMENTS IS BLEAK.
ECUWFOR AND PERU'S OTHER NEIGHBORS SEE SUCH EFFORTS AS
ATTEMPTS BY PERU TO FREEZE THE UNFAVORABLE STATUS QUO. THE
ONLY POSSIBLE ALTERNATIVE WOULD BE A CREDIBLE GUARANTEE OF
PEACE AND TERRITORIAL INTEGRITY, ABOVE AND BEYOND THAT
PROVIDED BY THE RIO TREATY, BY AN OUTSIDE POWER. THE OAS IS
NOT EQUIPPED TO PROVIDE SUCH A GUARANTEE AND IT WOULD HAVE
TO COME FROM THE USG. SUCH A GUARANTEE WOULD CREATE OTHER
PROBLEMS FOR US-LATIN AMERICAN RELATIONS, GIVEN OUR HISTORY
OF INTERVENTION IN THE REGION, AND IT MIGHT WELL BE UNACCEPTABLE
HITHE COUNTRIES INVOLVED.

8. SINCE THE GOE PERCEIVED THE THREAT AS AN ACTUAL ONE,
THEY ARE PRESENTLY MOVING RAPIDLY TO ACQUIRE THE TYPE OF
MILITARY EQUIPMENT THEY BELIEVE NECESSARY TO MEET IT. THUS,
THE COMPOSITION OF THE MILITARY ESTABLISHMENT WILL BE
LARGELY DETEIJUNED PRIOR TO FY79. IN NUMBERS THE MILITARY
FORCE WILL BE NOT GREATLY LARGER THAN AT PRESENT, BUT IT
WILL HAVE GREATLY INCREASED CAPABILITY. THE ARMY WILL HAVE
INCREASED MOBILITY AND POSSESS SOME MODERN ANTI-TANK
WEAPONRY. THE NAVY WILL HAVE RECEIVED ITS TWO SUBMARINES
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 QUITO 04736 02 OF 04 160000Z POSS DUPE

AND THREE MISSILE ATTACK BOATS AND, PROBABLY, AT LEAST ONE
US OVERAGE DESTROYER. THE AIR FORCE WILL BE BUILDING
A CIVILIAN AIR TRAFFIC CONTROL SYSTEM
WHICH WILL ALSO SERVE
AS EARLY ACQUISITION RADAR FOR AN AIR DEFENSE SYSTEM COM-
POSED OF MISSILES AND ANTI-AIRCRAFT GUNS. THE AIR FORCE
WILL ALSO HAVE ACQUIRED INTERCEPTOR AND ATTACK AIRCRAFT.
BY FY79 THE EMPHASIS WILL BE ON FILLING GAPS AND MODERNIZING
ANCILLARY UNITS. THUS, IN JRMS OF FY79 IT MAKES LITTLE
DIFFERENCE WHETHER WE APPROVE OF A FORCE OF THIS TYPE: IT
WILL ALREADY BE IN EXISTENCE OR ON ORDER. OUR ANALYSIS IN
PARAS. 1-3 ABOVE NONETHELESS INDICATES THAT WE BELIEVE US
INTERESTS TO WARRANT OUR COOPERATION WITH THE GOE IN DEVELOP-
ING ITS MILITARY ESTABLISHMENT IN THE PRE-FY79 PERIOD, AND
OUR CONTINUED SUPPORT OF THAT ESTABLISHMENT IN FY79. THERE
ARE ALTERNATIVES TO SUCH AN ESTABLISHMENT DEVELOPED WTH
US SUPPORT, I.E., A SIMILAR ESTABLISHMENT EQUIPPED FROM
EUROPEAN SOURCES, WHICH IN OUR OPINION WOULD BE BOTH LESS
EFFECTIVE, MORE COSTLY, AND MORE DANGEROUS.

9. IN PRIORITY ORDER WE BEIEVE THE GOE WILL SEEK THE
FOLLOWING ITEMS FROM THE US IN FY79: A FOLLOW-ON SUPPORT
FOR PREVIOUSLY ACQUIRED ITEMS (THIS PRIORITY WILL DEPEND
ON WHETHER ECUADOR ACQUIRES MAJOR END ITEMS FROM US IN

FY 77 AND 79); B) POSSIBLE COMMERCIAL PURCHASE OF AN APC-TYPE VEHICLE FROM US MANUFACTURER. C) HELICOPTERS FOR ALL THREE SERVICES, NUMBERS AND MODELS AS YET UNCLEAR; D) PURCHASE AND EQUIPPING OF NEW NAVAL CONSTRUCTION (FRIGATES) IF US FIRMS OFFER COMPETITIVE BIDS; E) PURCHASE OF TWO ADDITIONAL C-130 AIRCRAFT; F) PROFESSIONAL AND TECHNICAL TRAINING IN THE CZ AND CONUS.

10. COMMENTS REQUESTED IN PARAS. 4 D-H OF REFTEL FOLLOW, JUYED TO PRIORITY LIST OF ITEMS IN PREVIOUS PARAGRAPH:

A) ECUADOR WILL MAKE MAJOR ACQUISITIONS OF MILITARY
CONFIDENTIAL

CONFIDENTIAL

PAGE 04 QUITO 04736 02 OF 04 160000Z POSS DUPE

END-ITEMS DURING FY77 AND 78. SOME WE KNOW WILL BE PURCHASED FROM US SOURCES (HELICOPTERS, ANTI-TANK ARMS, A DESTROYER, ETC.) AND OTHERS MAY BE, DEPENDING ON US DECISIONS RE AIRCRAFT, AIR DEFENSE SALES, AND 155MM ARTILLERY PROCUREMENT. FOLLOW-ON SUPPORT FOR SUCH OF THESE ITEMS AS ARE PROCURED IN THE US WILL BE A PRIORITY ITEM IN FY79. THE GOE WOULD NBGCURE THAT SUPPORT THROUGH FMS CREDIT, WHERE POSSIBLE, AND EITHER FMS CASH OR COMMERCIAL PURCHASE WHERE NECESYNRY. US INTERESTS IN USING OUR INFLUENCE OVER THE ANDEAN MILITARY SITUATION TO WORK FOR PEACE IN THE REGION AND IN MAINTAINING A POSITIVE BILATERAL RELATIONSHIP WITH THE GOE WOULD BE SERVED BY THESE SALES. IN ADDITION, OUR REPUTATION AS PROVIDING GOOD SPARE PARTS AND SUPPORT FOR MILITARY SALESKIITEMS WOULSTAND IN THE BALANCE. LESS COSTLY ALTERNATIVES WHICH WOULD BE MILITARILY ACCEPTABLE PROBABLY DO NOT EXIST. THE AMOUNT OF FOLLOW-ON SUPPORT THE GOE IS LIKELY TO SEEK WILL NOT BE SUCH TO HAVE NEGATIVE ECONOMIC, FINANCIAL AND DEVELOPMENT IMPACT. IT IS IMPOSSIBLE TO DETERMINE WITH DATA AVAILABLE AT THIS TIME HOW MANY US PERSONNEL MIGHT BE REQUIRED IN-COUNTRY TO CARRY OUT THIS SUPPORT FUNCTION. FOLLOW-ON SUPPORT GENERALLY MUST COME FROM THE COUNTRY PROVIDING THE ORIGINAL END ITEM. ARMS CONTROL IMPACT OF PROVIDING THESE SERVICES WOULD BE MINIMAL.

CONFIDENTIAL

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CONFIDENTIAL

PAGE 01 QUITO 04736 03 OF 04 160424Z POSS DUPE

ACTION PM-04

INFO OCT-01 ARA-10 ISO-00 CIAE-00 H-01 INR-07 L-03
NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 DHA-02
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CONFIDENTIAL SECTION 3 OF 4 QUITO 4736

B) ECUADOR IS LIKELY TO SEEK TO PURCHASE AN APC-TYPE VEHICLE (MOST LIKELY THE CADILLAC-GAGE V150) FROM A US MANUFACTURER IN FY 79. US INTERESTS IN PARAS. 1, 2 AND 3 WOULD BE MARGINALLY SERVIED BY ALLOWING THE SALE OF THE ITEM, ALTHOUGH NO STRONG CASE CAN BE MADE. PURCHASE WOULD PROBABLY BE COMMERCIALY FINANCED, ALTHOUGH SHOULD FMS CREDITS BE AVAILABLE THE GOE WOULD USE THEM. LESS COSTLY OR LESS ADVANCED ALTERNATIVES ARE PROBABLY NOT AVAILABLE. (THE GOE WILL SHOP FOR THIS ITEM ON COMPETITIVE BASIS AND ONLY BUY US IF IT IS THE LEAST EXPENSIVE.) THE PURCHASE SHOULD HAVE NO IMPACT ON ECONOMIC, INANCIAL OR DEVELOPMENTAL SITUATION IN ECUADOR. UP TO 5 US CONTRACTOR PERSONNEL WILL BE REQUIRED IN-COUNTRY FOR UP TO 6 MONTHS TO PROVIDE MAINTENANCE AND OPERATIONAL TRAINING. COMPARABLE ITEMS ARE CONFIDENTIAL

CONFIDENTIAL

PAGE 02 QUITO 04736 03 OF 04 160424Z POSS DUPE

WIDELY AVAILABLE AND ECUADOR WILL BUY THE MOST ECONOMICAL AND EFFECTIVE. ALTHOUGH QUANTITIES TO BE PURCHASED ARE CONSIDERABLE (20 FOR THE MARINE CORPS, UP TO 400 FOR THE ARMY), THEIR LIMITED CAPABILITY AND THE FACT THAT LARGE NUMBERS OF SUCH VEHICLES ALREADY OPERATE IN THE REGION LEAD US TO BELIEVE ECUADOR'S PURCHASE WOULD NOT HAVE A NEGATIVE ARMS CONTROL IMPACT. COMPARABLE ITEMS ARE WIDELY USED IN THE REGION.

C) THE GOE WILL PROBABLY PURCHASE HELICOPTERS IN FY79 USING FMS CREDIT IF AVAILABLE AND FMS CASH OR COMMERCIAL

PURCHASE IF NECESSARY. PURCHASES WILL BE FOR ALL THREE SERVICES AND COULD INCLUDE TROOP CARRIERS, HEAVY TRANSPORTS, ASW EQUIPMENT, AND AIR/SEA RESCUE HELICOPTERS. ALL OF THE US INTERESTS OUTLINED IN PARAS. 1-3 WOULD BE SERVED BY SUPPLYING AT LEAST SOME OF THESE HELICOPTERS. THEY WILL BE USED TO INCREASE ARMY MOBILITY, TO IMPROVE NAVY DEFENSIVE CAPABILITY AND TO INCREASE THE COUNTRY'S AIR/SEA RESCUE CAPABILITY. IT IS UNLIKELY THAT LESS COSTLY OR SUBSTITUTE ITEMS EXIST WHICH ARE MILITARILY ACCEPTABLE. ALTHOUGH THE TOTAL NUMBER OR COST OF THESE HELICOPTERS IS IMPOSSIBLE TO DETERMINE AT THIS TIME, IT IS UNLIKELY THAT THE PURCHASE WILL BE SO LARGE AS TO HAVE A NEGATIVE IMPACT ON THE ECONOMY, DEBT SERVICE CAPABILITY, OR DEVELOPMENT PLANS. IN FACT, GOE MILITARY HELICOPTERS ALREADY CONTRIBUTE TO DEVELOPMENT, E.G., UTILIZED FOR OIL EXPLORATION, FRONTIER SETTLEMENT, AND OTHER NON-MILITARY GOALS SUCH AS RESCUE AND DISASTER RELIEF OPERATIONS IN ECUADOR'S MOUNTAINOUS TERRITORY. ADDITIONAL PURCHASES WOULD ADD TO THIS CAPABILITY. SOME USG OR CIVILIAN CONTRACTORS WOULD PROBABLY BE REQUIRED IN-COUNTRY, BUT THE NUMBER OR DURATION OF STAY WOULD BE NEGLIGIBLE. COMPARABLE ITEMS ARE AVAILABLE FROM SEVERAL OTHER COUNTRIES AND WE BELIEVE THAT THE GOE WILL ACQUIRE

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 QUITO 04736 03 OF 04 160424Z POSS DUPE

NEEDED UNITS FROM OTHER SOURCES IF THE US DENIES THE REQUEST. ECUADOR'S NEIGHBORS ALREADY POSSESS COMPARABLE ITEMS AND THE NATURE OF THE HELICOPTERS AND LIKELY SIZE OF ECUADOR'S PURCHASE LEAD US TO BELIEVE IT WILL HAVE MINIMAL ARMS CONTROL IMPACT.

D) THE GOE PLANS TO BUY FROM TWO TO SIX NEWLY-CONSTRUCTED FRIGATES. WE BELIEVE THAT PURCHASE MIGHT BE POSTPONED UNTIL FY79 OR, IF IT OCCURS EARLIER, THAT THE ARMAMENTS FOR THE SHIP MIGHT BE ACQUIRED IN FY79. THE FRIGATES THEMSELVES WILL PROBABLY BE PURCHASED COMMERCIALLY BUT THE GOE WILL REQUEST THE USE OF FMS CREDIT FUNDS TO ARM THEM (IF THE COMMERCIAL PURCHASE IS US). US INTERESTS OUTLINED IN PARAS. 1, 2 AND 3 WOULD BE SERVED BY OUR COOPERATION IN SUPPLYING THIS ITEM. THEY NAVY HAS TRADITIONALLY BEEN CLOSE TO US, AND IT IS ALSO UNIQUELY CAPABLE OF DISRUPTING OUR BILATERAL RELATIONSHIP BY SEIZING US FLAG TUNA BOATS. THE ARMED FRIGATES ARE INTENDED TO BOLSTER THE ECUADOREAN NAVY'S DEFENSIVE CAPABILITY, PARTICULARLY AGAINST SUBMARINES AND SMALL SURFACE CRAFT. THEY WILL ALSO BE USED TO CONTROL CONTRABAND MOVEMENT ON THE COAST. LESS COSTLY AND ADVANCED ALTERNATIVES DO EXIST (ALTHOUGH PROBABLY NOT ACCEPTABLE TO THE GOE) WHICH WOULD MEET OUR OBJECTIVES. PATROL BOATS, PARTICULARLY OF THE MISSILE LAUNCHING VARIETY, COULD PERFORM THE REQUIRED FUNCTION ADEQUATELY. THE SIZE OF THIS PURCHASE, IN EXCESS OF \$450 MILLION FOR SIX FULLY-EQUIPPED

FRIGATES, COULD AFFECT DEVELOPMENTAL GOALS AND RAISE DEBT SERVICE QUESTIONS, PARTICULARLY IF LARGE AIRCRAFT AND AIR DEFENSE PURCHASES ARE MADE IN FY78. US PERSONNEL WOULD PROBABLY NOT BE REQUIRED TO SUPPORT ANY FMS CREDIT PORTION OF THE FRIGATE PURCHASE, BUT MIGHT BE REQUIRED TO SUPPORT THE COMMERCIAL PURCHASED SHIPS THEMSELVES. COMPARABLE SHIPS ARE WIDELY AVAILABLE AND ITALY HAS BEEN PARTICULARLY ACTIVE IN THE SALE OF EQUIVALENT UNITS IN THIS REGION. WE BELIEVE ECUADOR WILL BUY FRIGATES ELSEWHERE AND WILL ONLY BUY US IF THE COMMERCIAL TERMS ARE COMPETITIVE. THE ARMS

CONFIDENTIAL

CONFIDENTIAL

PAGE 04 QUITO 04736 03 OF 04 160424Z POSS DUPE

CONTROL IMPACT WILL BE NEGLIGIBLE. ALL OF ECUADOR'S COASTAL NEIGHBORS POSSESS THIS TYPE OF SHIP AS WELL AS LARGER AND MORE SOPHISTICATED UNITS.

CONFIDENTIAL

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PAGE 01 QUITO 04736 04 OF 04 160100Z POSS DUPE
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CSA WASHDC
CNO WASHDC
CMC WASHDC
CSAF WASHDC/LGF
DIA WASHDC

CONFIDENTIAL SECTION 4 OF 4 QUITO 4736

E. THE GOE PURCHASED TWO LOCKHEED L-100-20 AIRCRAFT IN 1975 FOR DELIVERY IN 1977. THEY HAVE EXPRESSED THEIR INTENTION TO BUY TWO ADDITIONAL C-130 TYPE AIRCRAFT AFTER PAYING FOR THE FIRST TWO. WE ANTICIPATE THEY WILL BE IN THE MARKET FOR THE ADDITIONAL C-130S IN FY79. THEY WOULD USE FMS CREDIT IF IT IS AVAILABLE IN SUFFICIENT AMOUNTS, AND OTHERWISE WOULD PURCHASE WITH FMS CASH OR COMMERCIALLY. US INTEREST WOULD BE SERVED BY SUPPLYING THIS ITEM, PARTICULARLY SINCE IT WOULD BE DESTINED MORE FOR INTERNAL TRANSPORT AND CIVIC ACTION THAN TRADITIONAL MILITARY USES. OTHER TRANSPORT AIRCRAFT ARE AVAILABLE, PARTICULARLY USED ONES, BUT NOTHING WITH THE PARTICULAR CHARACTERISTICS OF THE C-130. IT IS PROBABLY THE MOST COST-EFFECTIVE PURCHASE POSSIBLE. C-130S CAN ACTUALLY CONTRIBUTE TO THE ECONOMY

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 QUITO 04736 04 OF 04 160100Z POSS DUPE

AND TO DEVELOPMENT PLANS SINCE THEY PROVIDE ACCESS TO DEPRIVED RURAL AREAS AND IMPROVE INTERNAL TRANSPORTATION. C-130S CAN ALSO BE SIGNIFICANT FOR DISASTER RELIEF AND SEARCH AND RESCUE EFFORTS REGIONALLY, AS DEMONSTRATED IN RECENT SICOFAA TRANSPORT EXERCISES. NO US PERSONNEL SHOULD BE REQUIRED IN-COUNTRY IN SUPPORT OF THIS PURCHASE. ECUADOR IS LIKELY TO PURCHASE AN ALTERNATIVE TRANSPORT IF SALE OF THE C-130 IS DENIED. ARMS CONTROL IMPACT WOULD BE MINIMAL AS THE C-130 IS NOT SEEN IN THIS REGION AS A MILITARY AIRCRAFT. ALL OTHER COUNTRIES IN THE REGION HAVE IDENTICAL AIRCRAFT, MOST HAVE MORE THAN ECUADOR.

F) (ALSO RESPONDS TO PARA. 4 K OF REFTEL). BARRING UNFORSEEN CIRCUMSTANCES THE GOE SHOULD CONTINUE IN FY79 WITH ITS AGGRESSIVE UTILIZATION OF US TRAINING PROGRAMS. THEY WILL ACCEPT WHATEVER IMET FUNDING IS AVAILABLE (AND COULD PROBABLY EFFICIENTLY ABSORB SOME \$1 MILLION IN IMET TRAINING), AND WILL USE FMS CREDIT WHERE POSSIBLE TO PAY FOR TRAINING AND EVEN PURCHASE TRAINING FOR FMS CASH IF NECESSARY. IN SOME CASES US INTEREST IS SERVED BY PROVIDING FOLLOW-ON TRAINING FOR US PROVIDED EQUIPMENT; IN OTHER CASES WE GAIN FROM THE IDENTIFICATION WITH THE US AND OUR IDEALS WHICH SUCH TRAINING PRODUCES. THE GOE WILL SEEK BOTH PROFESSIONAL TRAINING (POST GRADUATE TRAINING FOR THE NAVY AND PROFESSIONAL DEVELOPMENT TRAINING FOR THE ARMY) AND GENERAL, TECHNICAL TRAINING NOT TIED TO SPECIFIC ITEMS OF EQUIPMENT, SUCH AS PILOT TRAINING, GENERAL MECHANIC TRAINING, LOGISTICS TRAINING, ETC. FROM THE US POINT OF VIEW, PROFESSIONAL TRAINING, MOST OF WHICH IS ONLY AVAILABLE IN THE US, IS THE MOST EFFECTIVE USE OF IMET FUNDS. THE COST OF THAT TRAINING, AND OF ADVANCED TECHNICAL TRAINING IN CONUS, HOWEVER, MEANS THAT ALREADY LIMITED IMET FUNDS WOULD BE RENDERED PRACTICALLY USELESS. IN PRACTICAL TERMS, THEREFORE, BASIC TECHNICAL

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 QUITO 04736 04 OF 04 160100Z POSS DUPE

TRAINING IN THE CZ UNDER A FENCED-FUND CONCEPT IS PROBABLY MOST COST-EFFECTIVE. THE GOE WOULD AND ALREADY DOES PURCHASE EQUIPMENT-RELATED TRAINING FROM US, ALTHOUGH THEIR ATTITUDE ON THIS WILL BY FY79 PROBABLY DEPEND ON WHETHER THEY BUY MAJOR ITEMS OF EQUIPMENT IN FY 77-78 FROM US OR FROM THIRD COUNTRIES. TWO SERVICES ALREADY PAY TLA AND WILL CONTINUE TO BE WILLING TO DO SO. BY FY79 THE THIRD SERVICE WILL PROBABLY ALSO PAY TLA. THE ABOVE COMMENTS ASSUME THAT CZ SCHOOLS WILL STILL BE OPERATING IN FY 79. IF NOT, THE PRIORITY THE GOE WILL GIVE TO US TRAINING, ITS WILLINGNESS TO PURCHASE TRAINING AND TO PAY TLA WOULD BE GREATLY REDUCED. UNDER PRESENT CIRCUMSTANCES--WITH THE GOE PAYING TLA AND AGGRESSIVELY SEEKING OPEN SPACES IN CZ SCHOOLYSAABASIC TRAINING IN THE CZ IS THE LEAST COSTLY AND MOST EFFECTIVE TECHNICAL TRAINING AVAILABLE. THIS ITEM SHOULD HAVE NO IMPACT ON ECONOMIC, FINANCIAL OR DEVELOPMENT PLANS. NO ADDITIONAL US PRESENCE SHOULD BE REQUIRED IN-COUNTRY. MOST OF THE TRAINING THE GOE SEEKS IS BASIC TO A MODERN ARMED FORCE AND IS THUS AVAILABLE IN MANY COUNTRIES. WE BELIEVE THE GOE WOULD SEEK IT ELSEWHERE, MOST LIKELY IN THE SOUTHERN CONE COUNTRIES--ARGENTINA, BRAZIL AND CHILE--WITH AN ATTENDANT GAIN IN INFLUENCE FOR THEM. GIVEN THE HUMAN RIGHTS AND POLITICAL DIRECTION OF THOSE COUNTRIES, WE BELIEVE INCREASED INFLUENCE FOR THEM IN ECUADOR WOULD BE INIMICAL TO US INTERESTS.

11. THERE HAVE BEEN NO HUMAN RIGHTS DEVELOPMENTS LIKELY TO AFFECT US RELATIONS WITH ECUADOR, NOR ARE ANY ANTICIPATED BY FY79. DENIAL OF SECURITY ASSISTANCE REQUESTS MIGHT HAVE AN EFFECT ON HUMAN RIGHTS PRACTICES IN ECUADOR. AS NOTED IN PARA. 2, DENIAL OF SECURITY ASSISTANCE COULD SERIOUSLY JEOPARDIZE THE POSITION OF THE CIVILIAN GOVERNMENT TO BE ELECTED NEXT YEAR. WE BELIEVE A SUCCESSOR DE FACTO GOVERNMENT TO MAINTAIN POWER COULD HAVE HUMAN RIGHTS PROBLEMS. ALSO, AS NOTED IN PARA. 10 (F), DENIAL OF IMET AND FMS CASH TRAINING WOULD RESULT IN ECUADOR SEEKING TRAINING IN

CONFIDENTIAL

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PAGE 04 QUITO 04736 04 OF 04 160100Z POSS DUPE

THE SOUTHERN CONE. WE BELIEVE SUCH A MOVE COULD HAVE NEGATIVE EFFECTS ON ECUADOR'S SUPPORT FOR OUR HUMAN RIGHTS INITIATIVE WAS WELL AS STRENGTHEN THE HAND OF THE SOUTHERN CONE COUNTRIES IN OPPOSING THAT INITIATIVE.

12. ECUADOR IS UNLIKELY TO SUPPORT STRONGLY A US POLICY OF PROMOTING MULTILATERAL RESTRAINT, I.E., BUYER/SUPPLIER

ARRANGEMENTS, AS LONG AS IT PERCEIVES A SERIOUS SECURITY THREAT FROM PERU. ANY ATTEMPTS BY THE US TO ACTIVELY ENFORCE THAT POLICY IN THE REGION WILL BE SEEN BY ECUADOR AS US ACCEPTANCE OF A SERIOUS ARMS IMBALANCE IN FAVOR OF PERU. PERU, OF COURSE, IS ARMED LARGEMLY WITH SOVIET WEAPONS AND THUS IS MARGINALLY AFFECTED BY THE US POLICY.

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